

### Debt Administration

The ratio of net bonded debt to assessed property value and the amounts of bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1987 and 1988 are shown as follows:

General	<u>Amount</u> (expressed in thousands)	<u>Ratio of Net</u> <u>Bonded Debt</u> <u>to Assessed</u> <u>Value (50.7% of</u> <u>Present Market)</u>	<u>Ratio of</u> <u>Debt to</u> <u>Present</u> <u>Market</u> <u>Value</u>	<u>Bonded</u> <u>Debt Per</u> <u>Capita</u>
obligation bonds:				
1987	\$2,030,415	2.78%	1.41%	\$454.84
1988	2,090,820	2.60	1.32	462.57

Additionally, outstanding limited obligation bonds of the Department of Transportation amounted to \$388,900,000 at June 30, 1988. Debt service on these bonds is provided principally by excise taxes levied by statute. Self-supporting revenue bonds outstanding at June 30, 1988 were \$1,890,052,000. Long-term obligations for accrued retirement costs of \$444,783,000 represent the excess of retirement costs over retirement expenditures since 1978 and are being funded on a long-term basis through annual contributions, principally from general fund revenue. Long-term obligations for accrued annual leave of \$93,808,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1988.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1988 were within the limits established by the Committee. For the fiscal year 1988, new general obligation bond authorizations amounted to \$254,178,000.

The following tabulation shows the general obligation bonds issued during the past three fiscal years:

#### State of Maryland—General Obligation Bonds

<u>Date of Issue</u>	<u>Amount</u>	<u>Average</u> <u>Life in Years</u>	<u>Effective</u> <u>Interest</u> <u>Rate</u>	<u>Interest Cost</u> <u>Per Borrowed</u> <u>Dollar</u>
March 1, 1986	\$124,585,000	10.2	6.50%	65.1¢
July 15, 1986	164,645,000	9.9	6.68	66.0
July 9, 1987	144,860,000	9.8	6.44	63.1
January 7, 1988	80,000,000	9.9	6.78	67.2
May 17, 1988	80,000,000	9.9	6.49	64.3

Since June 30, 1983, general obligation bonds outstanding have declined by \$319,070,000.

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Additionally, limited obligation bonds issued by the Department of Transportation and self-supporting revenue bonds issued by enterprise agencies amounted to \$18,255,000 and \$372,815,000, respectively, during 1988.

### Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. As of June 30, 1988, the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 85.9 percent; in U.S. Treasury and agency obligations, 13.8 percent; and in certificates of deposit and other, 0.3 percent. The average yield on maturing investments during the year was 7.0 percent, as compared to 6.4 percent in the prior year, and the amount of interest received was \$90,441,000, which was \$25,005,000 more than the previous year.